256816



Laura Bateman Carolinas Rates & Regulatory Strategy 410 S. Wilmington Street Raleigh, NC 27601

919.546.3324 Laura.Bateman@duke-energy.com

May 29, 2015

S. C. PUBLIC SEPANCE COMMISSION

E O E I V E

JUN 0-1 2015

Jocelyn Boyd Chief Clerk and Administrator Public Service Commission of South Carolina Post Office Drawer 11649 101 Executive Center Drive, Suite 100 Columbia, SC 29211

Dear Mrs. Boyd:

Enclosed per Docket No. 1988-11-E is the quarterly report of Duke Energy Progress, LLC for the twelve months ending March 31, 2015. Debt coverage ratio of earnings to Fixed Charges was 3.51 for this time period.

Please note, the adjustments to the capital structure have been eliminated. These adjustments are no longer relevant to the report.

The Certification by Clark S. Gillespy, State President, Duke Energy South Carolina, will be sent separately from our Greenville office.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman

& Bats

Carolinas Rates & Regulatory Strategy

Duke Energy

**Enclosures** 

pc: Mr. John Flitter, Director Electric & Gas Regulation Office of Regulatory Staff

## CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, James D. Wiles, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Dams D. Wiles
Signature of Person Making Verification
James D. Wiles
Typed or Printed Name of Person Signing
Director Regulated Accounting
Title
May 19, 2015
Date Signed /

Subscribed and sworn to before me this  $\underline{/9}$  day of  $\underline{\mathcal{M}_{ay}}$ , 2015.

Kim V. Beal Notary Public

My Commission Expires: October 24, 2019

Dulie Enarty Progress
Electric Operating Esperience - Total Company & SC Retail
12 Months Ended March 31, 2015
Dollars in Thousands

ď			Total Company			SC Retail		
2	Description	Regulatory	Pro-Forma		Regulatory	Pro-Forma		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments		As Adjusted
		₹ 3	(50)	3	(Col. 5)	(501.6)		(Col. 2)
		^	<b>.</b>	••	v	•		s
-	Operating Revenues	5 5,194,430	\$ (118.924)	\$ 5,075,505	\$ 579,197	\$ (21,192)	۰۰ **	558,005
~1	Operating Expenses							
m •	Off M Expenser - Fuet	1,612,317	,	1,612,317	981.591	•		381 981
• •	Furchased rower and Ret Interchange	425.967	,	425,967	47,846	•		47 846
n u	Magges, Benefits, Materials, etc.	1,459,163	166,488)	1,392,675	146,953	(9,868)	=	137,095
. ~	Taken Other Branch Commence	268,067	80,470	648,537	57,832	8,315		66.147
•	Inter-Cities (1147) INCOME	136,425	1,137	137,562	15,207	(8/1)	=	15.028
•		290,305	(46.924)	143,381	36,437	(6.751)		30 636
n 5	thvestment jax Cedit			(6,722)	(757)		-	1257
3	rotal Operating Expenses (Sum L3 through L9)	5 4,485,520	5 (31.804)	5 4,453,715	\$ 492,719	\$ (8,483)	0	484 237
=	Section of the sectio						•	
: 2	Catomer Grandh	016'802 \$	\$ (87,120)	5 621,790	\$ 86,478	5 (12,710)	۰	73,768
: :		8/1/B	[587]	161'4	181	[72]		155
: :	mineral on Customer Deposits (Defore Faxes)	8,657		8,657	709			3
:	1944 HEQUITE FOR SELECT (LL1 + LL2 - LL3)	\$ 705.037	5 (87,707)	\$ 617,325	\$ \$6.055	\$ (12,736)	~	/3.118
<u> </u>	Rate Base							
9 :	Plant in Service	\$ 20,753,226	5 177,874	\$ 20,931,100	\$ 2,352,788	\$ 14,405	•	2 367 193
: \$	Net Dani (116 + 117)	(9,549,824)	(5.757)	(9,555,581)	(1,108,595)	295		(1,108,033)
2		11,203,402	172,117	11,375,519	1,244,194	14,967		1,259,160
65 9	Construction Wark in Progress	•	\$58,199	558,199		747 43		54.347
₹ ;	Other Rate Base	499,969	(395,867)	104,101	888 86	(49 999)	_	(37.8)
3.2	Total Working Capital	316,610	٠	316,610	32,168			10.07
1 1	Account to Despite S	1,561,170	(11,402)	1,549,769	169,577	(1,269)		168.308
:		(2,949,862)	325,484	(2,624,378)	(317,619)	40,101		(392,538)
*	Total Rate Base (L18+L19+L20+L21+L22+L3)	\$ 10 631,289	\$ 648,531	\$ 11.279 820	\$ 1,211,965	5 68,046	5	1,280,011
ĸ	Rate of Return (L14 divided by L24)	¥69.9		S 47%	7.104			
;								2.73%
<b>58</b>	Return on Equity	8 84%		¥29.9	¥\$1.6			7.11%

## Duka Energy Prograss Electric Accounting & Pro Forma Adjustments - Total Company 12 Months Ended March 31, 2015 Dollars in Thousands

•			OEM	OEM	OEM	Deprec. &	Tares	Interestion	investment	lucome		
ĝ 2	Description	Revenues	Expenses Fuel	Expenses Purch, Power	Expenses	Amort. Expense	Other Than Income	Customer Deposits	Tage Caged		Operatin	Operating
-	Normalize O&M Labor Costs	, s	,			·			ĺ			
~	Update for increased/decreased benefits costs		•		0,011	,		•		5 (3,294)	s <del>:</del>	(5,317)
•	Annualize depreciation on year and plant balances	•			8.1	, 6	•	•		(607)	<u>-</u>	086)
•	Adult the amount of FDIS in rate base		•	•	•	40,010	•		÷	(15,304)	=	124,7061
	Adjust the Amount of CWIP to Bate Base	•	•		•	9,177	•	•	•	(3.510)	ā	(2,667)
ı ve	Separation of the season of th	•	•		•	•	F	•	•	•		
۰ ~	Figurate poor second laws.	•	•		•	•	2,047			(364)	=	(1,289)
. •4	Firmingto SFAS 109		1		•	•		•	٠	£.		(3,543)
e en	Adjust Fuel Stock			•	•		•	•				
10	Eliminate DSM, EE, DSDR impacts	(188 501)				. ;	- !	·		•		
=	Adjust income taxes to synchronic interest expense	(sec.(0))		•	(989)	31.263	(056)			(13,254)	-	(35,976)
	for the adjusted test period rate base		•	•	,	•	•		•	1,403		(1,403)
17		(13,541)	٠	,		•		•		37	-	
									•	(2,103	~	(857.8)
2	TOTAL - ALL PRO FORMAS	\$ (118.924)		\$	\$ [66,438]	\$ 80,470	\$ 1,137		\$	\$ (46,924)	50	(87,120)
Ş			Plent in	Accum		į	Total					
ž	Description	ı	Service	Вергис.	CWIP	Rate Base	Working Capital	E. Supplies	AOfT		Rate Base	52.50
-	Normalize O.B.M. Labor Costs		,		•	•	•					
~	Updata for increased/decreased benefits costs				^				•		'n	
m	Annualite depreciation on year end plant balances			(40.010)				•	•			
4	Adjust the amount of £Pts in rate base		191,789	(5.177)	•							(40,012)
s	Adjust the Amount of CWIP in Rate Base		. •		558 199	•						364,612
9	Annualite property taxes on year end plant balances		•	•	,	•			•		-	558,199
7	Eliminate prior period taxes			•	•		•	•	•			
10	Eliminate SFAS 109			•		(200 825)						
ď	Adjust Fuel Stock		•		•			111 405	578,007			. :
9	Eliminate DSM, EE, DSDR impacts		(215,915)	43,430	•	1790 661)		(7n+'11)				11,402
11	Adjust income taxes to synchronize interest expense		•		•	,	•	•	650,411		2	(242,859)
	for the adjusted test period rate base											
ដ	Eliminate Program Performance Incentives			ľ	٠	•	•	٠	•			
E	TOTAL - ALL PRO FORMAS		\$ 177.874	(757,2)	\$ 558,199	\$ (395,867)		\$ (11.402)	\$ 175.484			. 3

## Duke Energy Progress Electric Accounting & Pro Forms Adjustments - SC Retail Electric 12 Months Ended March 31, 2015 Dollars in Thousands

			O&M	0 <b>E</b> M	OEM	Deprec. &	Texes	interest on	investment		Income	
₹ ₹	Description	Revenues	Expenses	Expenses Purch Power	Expenses	Amort. Expense	Other Than	Customer	Tax		lates	Operating
								THE STATE OF THE S	1000	1		-000
-	Normalize O&M Labor Costs			,	0.66		•	•	٠,	vī	(1711)	(665)
~	Update for increased/decreased benefits costs		•	•	175						(57)	
e	Annualize depreciation on year end plant balances	٠	٠	•	•	4,605					(17,61)	(78.2)
4	Adjust the amount of EPIS in rate base		•	•	•	1,056			•		(404)	1259)
ĸ	Adjust the Amount of CWIP in Rate Base		•	4	•			,	•			<u>.</u>
ø	Annualize property taxes on year end plant balances		•	٠		•	240	•	•		(93)	(148)
1	Eliminate prior period taxes	•			•			•			. 53	(559)
•0	Eliminate SFAS 109				•	•	٠		•			icent.
•	Adjust Fuel Stock			•			,		•			
2	Eliminate DSM, EE, DSDR Impacts	(19,568)	٠		(11,013)	2,654	(419)		•		14 1271	16 69 31
=	Adjust income taxes to synchronize interest expense	•			•	•		,	•		07	(40)
	for the adjusted test period rate base										?	
17	Eliminate Program Performance Incentives	(1,624)	•	•	•		,	,	•		(621)	(1,003)
2	TOTAL - ALL PRO FORMAS	\$ {21,192}		\$	(9,868)	\$ 8.315	(871)	5	8	<u>~</u>	16,7511	(17.710)
:										] 		
į			Plant in	Accum		other O	Total	Materials				
Ş	Description	ſ	Service	Deprec	CWIP	Rate Base	Working Capital	& Supplies	ADIT	ı	1	Rate Base
•	Normalize D&M Labor Costs		•	ν,								
~	Update for increased/decreased benefits costs				•							
•	Annualize depreciation on year and plant balances		,	(4,605)	•				,			(309.8)
4	Adjust the amount of EPIS in rate base		45,324	(1,056)	•							44.268
2	Adjust the Amount of CWIP in Pate Base				54,247	٠	٠	•	•			64 247
9	Annualize property teres on year end plant balances		•	•					•			
1	Eleminate prior period taxes		•		•				•			
63	Eliminate SFAS 109		•	٠	•	(23,114)		٠	22,646	9		(468)
•	Adjust Fuel Stock		•	•				11,2691				11 2691
2	Eliminate DSM, EE, DSDR impacts		(30,919)	6,223	•	(26,885)			17.455	•		(34.126)
Ξ	Adjust income tares to synchronize interest expense				٠			,				
	for the adjusted test penod rate base											
3	Eliminate Program Performante Incentives						Ť		•			
13	TOTAL - ALL PRO FORMAS		5 14,405	5 562	\$ 64.247	(66,64)	\$	\$ (1,269)	101 04 5	1=	1-	48048
											1	

Dute Enargy Progress
Statement of Fixed Assets - Electric
12 Months Ended March 31, 2015
Dollars in Thousands

Fine			Total	Total Company			İ			×	SC Retail		
¥0.	Description	Per Books	Adju	Adjustments	₹	As Adjusted		Per Books		Adjust	Adjustments	*	As Adjusted
	(Col. 1)	(Cot. 2)	Ų	(Col 3)		(Col. 4)		3		3	(Col. 6)		(5)
		s)		<b>~</b>		v		<b>~</b>		•	~		v
	Gross Plant in Service												
	Production	\$ 12,052,683	v	367,424	s	12,420,107	•	1,366,382	382	٠	47,289	v	1.408.671
	Transmission	2,303,079		16,005		2,319,084		151	251.094		1.842		262.936
	Distribution	5,406,649		(206,949)		5,199,700		612	612,938		(29,887)		583.051
	General	645,390		394		646,784		£.	73,166		160		73.327
	Intangible Plant	317,495				317,495		35	35.994				35.994
	Common					. •							
	Subtotal	\$ 20,725,296	~	177,874	~	20,903,170	ļ.s	\$ 2,349,574	574	_	14,405	'n	2,363,979
	Plant Held for Future Use	27,930		•		27,930		m	3,215		•		3,215
	Total Gross Plant in Service	\$ 20,753,126	<b>"</b>	177,874	~	20,931,100	5	2,352,788	25	S.	14,405	^	2,367,193
	Construction Work in Progress												
	Production	•	•	432,279	v	432,279	•		,	u	49.754	v	49,754
	Transmission			85,279		85,279					9,815		9,815
	Distribution			38,104		38,104					4,386		4,386
	General	•		(2,878)		(2.878)					(1311)		(331)
	Intangible			5,415		5,415					623		623
51	Total Construction Work in Progress		10	558,199	۰.	558,199	·		,   .	2	7	v	64 247

Duke Energy Progress
Reserve for Depreciation - Electric
12 Months Ended March 31, 2015
Dollars in Thousands

Line				Total Company	ķ					SC Retail	ita i		
2	Description	ď	Per Books	Adjustments	5	As Adjusted	Pan	٦	Per Books	Ad/ust	Adjustments	As A	As Adjusted
	(Cel 1)	=	(Cot 2)	(Col 3)		Col 4	4		Kod SI	3	(Col. 6)	5	(Cel. 7)
			<b>~</b>	<b>.</b>		vs			v	^			v,
-	Production	v	(5,563,786) \$		1585	(43,585) \$ (5,607,371)	07,371)	en.	(653,932)	<b>~</b>	(5,016)	v	(628,949)
~	Franthisson		{750,998}	~	(676)	É	{751,927}		(85,662)		(101)		(85,759)
•	Distribution	-	(2,744,162)	39,	99,253	(2,7)	(2,704,909)		(010,616)		5,742		(307,267)
7	General		(1269,723)	-	(487)	3	(270,220)		(30,766)		(57)		(30,823)
v	Intangible Plant		(221,155)			(2)	(221,155)		(25,226)		,		(25,226)
ø	Соптол		1				٠						
^	Subtotal	'n	(9,549,824)	\$ (5,757)	1.12	(3,8)	(9,555,581)	~	(1,108,595)	S	295	2	(1,108,033)
•	Total Reserve for Depreciation	S	(9,549,824)	\$ (5.	\$ 1727.2	(9,555,581)	55,581)	n	(1,108,595)	~	562	\$	(1,108,033)

Per Books	Adjustments	As Adjusted	person		Per Books	Adjustments	Hents	As A	As Adjusted
(Cot 2)	(Col 3)	3	[Col 4]		Col Si	(Col. 6)	9	=	(Cel. 7)
<b>پ</b>	σ.		s		v	^			v.
(5,563,786) \$	5 [43,585] \$	\$ (5	(5,607,371)	en	(653,932)	<b>ν</b>	(5,016)	v	(658,949)
(750,998)	(676)		(751,927)		(85,662)		(101)		(85,759)
(2,744,162)	19,253	2	(2,704,909)		(010,616)		5,742		(307,267)
(259,723)	(487)		(270,220)		(30,766)		(27)		(30,823)
(221,155)	•		(221,155)		(25, 126)		i		(25,226)
	٠								•
(9,549,824)	5 (5,757)	2	(185,555,98)	~	(1,108,595)	s	262		(1,108,033)
(9,549,824)	15.7571	6) \$	\$ (9.355,581)	n	(1,108,595)	~	262	~	(1,108,033)

Duka Energy Prograss
Other Rate Base - Electric
12 Months Ended March 31, 2015
Dollars in Thousands

Description	Per Books	Total Company Adjustments	As Adjusted	Per Books	SC Retail Adjustments	As Adjusted
(Col. 1)	(Col 1)	(Col. 3)	[Col. 4]	(Col 5)	ı	(501.7)
Azzumulated Provision for Pensions & Benefits	\$ (261,341)		\$ (261,341)	\$ (29,408)		\$ (29,408)
Accumulated Miscellaneous Operating Provisions	132,787	1	132,787	14,942		14,942
Unamoritied Debt Expense	£19'7¢	•	42,643	4,908	•	4,908
SFAS 109	200,825	(200.825)	,	23,114	{23,134}	
SFAS 158 Pention	297,194		297,194	33,467		33,467
REPS Deferral	(69,993)		(69,993)	٠	*	,
End of Life Reserves	(14,795)		(14,795)	٠		
GridSouth Deferral	3,676		3,676	3,676		3,676
PSMC Pipeline Deferral	009	•	009	3	*	3
NCDT Overhand - SC	[3,761]	٠	(3,763)	(3.761)	•	(3,761)
Emission Allowance Proceeds	(8,052)	•	(8,052)	,		*
Design Basts	14,389		14,389	1,534	,	1,534
Customer Advances for Construction	(8,514)	•	(8,514)	(1,120)		{11,120}
	195,042	(195,042)	(0)	26,885	(28, 945)	o
SC Pollution Control Deferral	30,019		30,019	30,019		30,019
DOE Refund	(8,709)		(8,709)	•		
Sale of Harris Land Deferral	(4,875)		(4,875)	٠		
Rate Case Costs	1,886		1,686	٠		,
Coal Inventory Rider	182		231	¢	٠	
Fukushima SC Deferral	3,745		3,245	1,245		3,345
COR Settlement	20,000		20,000			
NC Tax Rate Change	(75,850)		(75 850)	(23,474)		(23,474)
Pole Attach - Deferred Revenue	(2,428)		(2,428)	(528)	ı	(259)
Storm Deferra!	14,713		14,713	14,713		14.713
Other invessments	232		522	3		\$
Misc Special Deposits	515		\$15	65		83
Total Other Rate Base	\$ 499.969	\$ (395,867)	\$ 104,101	S 98 666	(49,999)	\$ 48,567

Duta Enargy Progress
Total Working Capital - Electric
12 Months Ended March 31, 2015
Dollars in Thousands

From No.

		Total Company			SC Betail	
Description	Per Books	Adjustments	As Adjuned	Per Books	Adjustments	As Adjusted
(Col. 1)	(Col 2)	(Cot. 3)	(Col 4)	(Cot. 5)	(Col. 6)	3
	S	w	s,	S	v	s
Tweive Month OEM Expenses	\$ 3,100,891		\$ 3,100.891	\$ 342,149		\$ 342,149
Working Cash (1/8 of O&M Expenses on Line 1)	387,611	,	367,611	42,769		42,769
Account Utility Revenue	196'26		92,962	12,535		12,535
Prepayments	43,389		43,369	4,906		4,906
Total Investor Advanced Funds	\$ 523,962		\$ \$23,962	\$ 60,210	\$	5 60,210
Customer Deposits	(137,386)		(137,386)	(20,135)		(20,115)
Average Tax Accruals	(63,601)	,	(63,601)	(161.7)	٠	(7,191)
Huctear Refueling			•			,
Injunes and Damages	(6, 165)	٠	[6,365]	(716)	•	(716)
Total Working Capital	5 316,610		5 \$ 316,610	5 32,168		\$ 32,168

2

Duke Energy Progress
Materials & Supplies - Electric
12 Months Ended March 31, 2015
Dollars in Thousands

5			Total Company			SC Retail	ī	
2	Description	Per Books	Adjustments	As Adjusted	Per Books	Adjustments	mts	As Adjusted
1	(Col 1)	(50.2)	3	(Col. 4)	(Col. 5)	(Gol. 6)	_	(Col. 7)
		<b>~</b>	s	<b>~</b>	v	٠		٧٠
	<u>fuel Slock</u> Fossil	\$ 259,517	253,517 \$ (11,402) \$	\$ 242,115	\$ 28.220	•^	(1,269) \$	26,951
	Nuclear	380,832		360,832	42,392			42,392
	Total Fuel Stock	634,349	(11,402)	622,947	70,612	}	(1,269)	69,343
	Emission Allowances	75,743	,	75,743	270			170
	Other Electric Materials and Supplies	851,078	ı	851,078	P69'86			98,694
9	Total Materials & Supplies	5 1,561,170	5 (11,402)	\$ 1,549,769	\$ 169,577	~	(1,269)	164,308

[A] Adjustment to per book coal inventory balance to reflect target inventory level

Oute Energy Progress
Cost of Capital - Electric Operations
12 Months Ended March 31, 2015
Pollars in Thousands

Operating	~   ~	Operating (Col. 12)   2   25,820   2   25,820   2   27,318   2   27,31
best desired.	Col/Blum (Col/11) % 2 01% 0 00% 3 46%	Waynted Cost/Reurn (Col. 11) % % 2 02% 0 00% 3 71%
sted	Cost/Return (Cost 10) % % 4 2 2 % 6 6 5 2 %	Cost/Return (Col. 10)  4.22% 0.00% 7.11%
As Adjusted	Rate Blase (Col. 9) 5 5.391,754 5.39	AAAcjusted Retail brane Base (Cot.9) 5 5 5 5 5 668, 166 5 5 1,290 011
	(Col. 6) 4.1 80% 4.1 80% 0.00% 52,20% 100.00%	Rato   (Col 8)   X   X   X   X   X   X   X   X   X   X
	Amount (col. 7) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Amount (Col 7) \$ \$ \$ \$ \$11.150 035
	Operating Income (Col. 6) \$ \$ 214,450 \$ \$ 490,582 \$ \$ 705,092	SC Retail Operating locarra [Col. 6] \$ 24,447 \$ \$ 12,608 \$ \$ \$ 66,055 \$
	Weighted Coxt/Return (Coxt/Return (Coxt/Retu	Weethed Controlled (Controlled S)
Į,	Embedded Cost/Meturn (Col.4) % 4.22% 0.00% B 64%	Embedded Cott/Return (Cot. 4) % 4.22% 0.00%
Per Books	Retail Rate Base (Cof 3) \$ \$ 5.081,736 \$ 5.49,533 \$ 10.631,289	Retail (Col. 3) 5 5 579,315 6 522,646 5 1,211,965
	Ratio (Ca) 2) * 47 80% 9 0 00% 52 20% 100 00%	(Col. 2)  * *  47.80% 0.00% 52.10% 130.00%
	Amount (CM 1)  \$ \$ \$11,610  6.346,425  \$ 11,156,035	Amount (Cd 1) 5 5 5 8 11,610 6 6 346,425 6 1 7 154 0 45
,	Description Long Term Debt Preferred Stock Common Equity	Description Long Term Debt Preferred Stock
	No. No. 2 2 2 8 8 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	No.

(A) Long Term Debt includes Mortgage and Poliution Control Bonds. Senior Debt. Capital Leases and Unamortised Debt Espense, Discounts and Premiums (B) Includes net of tax merger costs to achieve of approximately 53 million